MULTIMEDIA UNIVERSITY

STUDENT ID NO									

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FINAL EXAMINATION

TRIMESTER 2, 2021/2022

BAC1624 – MANAGEMENT ACCOUNTING 1

(All Sections/Groups)

26 APRIL 2022
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **SEVEN** pages (excluding cover page) with **FIVE** questions only.

2. Answer **ALL** questions (handwritten or typewritten) in the Answer Sheet provided.

3. All questions carry equal marks and the distribution of the marks for each question is given.

4. The Answer Sheet must be submitted in PDF.

QUESTION 1

Chex Manufacturing Berhad, a made-to-order woodwork manufacturer, uses a job order cost system and applies overhead to its production on the basis of direct labour costs (DLC).

The management budgeted the following estimates for its 2022 operation:

2022 Budgeted Data:		
Manufacturing Overhead Costs	RM 960,000	
Direct Labour Costs	RM 192,000	for 24,000 direct labour hours (DLH)
Machine Hours (MH)	48,000 hours	

On 1 January of the current year, there were no balance in its inventories.

During January, raw materials were purchased on account from Ayataka Sdn. Bhd. for RM30,000. The manufacturer worked on the following jobs throughout its month of operation:

	Material Requisition Slip	**Time Tickets**
HULK	RM8,415	792 DLH
THOR	RM5,610	528 DLH
VISION	RM11,475	1,080 DLH
General Use	RM2,200	625 DLH

The charge rate for the labour hours worked is at RM8 per DLH.

Actual manufacturing overhead costs incurred for January 2022 includes:

	RM
Depreciation Expense - Machinery	15,000
Factory Rent	35,000
Property Taxes	12,000
Utilities Expense	15,000
Insurance Expense	3,500

At the end of the month, Jobs HULK and VISION are complete. Only Job VISION was sold immediately upon completion at 20% above the cost price.

Continued….

Required:

a) Prepare the journal entries to record the assignment of costs during January 2022.
(5 marks)

b) Determine the following balances for the month ended 31 January 2022:

(i) Raw Materials Inventory
(ii) Cost of Goods Manufactured
(iii) Finished Goods Inventory

(6 marks)

c) What is the amount of over- or underapplied overhead at 31 January 2022?

Prepare the adjusting entries to close the manufacturing overhead balance as determined.

(5 marks)

d) What is the gross profit (adjusted) to be reported for January 2022?
(4 marks)

[TOTAL 20 MARKS]

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QUESTION 2

Nezuko Sdn. Bhd. specialises in producing Japanese *daifuku* (mochi) in Mont Kiara. Its production process consists of four stages: Mixing, Steaming, Forming, and Packing. In the Forming stage, the cooled mixture from the Steaming stage is formed into smaller seasonal shapes before it is ready for the packaging machine.

All materials are entered at the beginning of each process. Direct labour and manufacturing overhead costs are incurred uniformly throughout each process. Production and cost data for the *Mixing* stage during February 2022 are presented below:

Production Data:	**Units**	**Percentage of Completion**
Work-in-Process, 01 February	7,500	60%
Started into production	123,000	
Work-in-Process, 28 February	50,000	60%
Costs Data:	**RM**	
Work-in-Process, 01 February	27,000	80% incurred for Direct Materials
Direct Materials	246,000	
Direct Labour	190,000	
Manufacturing Overhead	16,700	

The perishable nature of Nezuko's raw materials requires the company to use the *first-in-first-out (FIFO) system* to account for its production and costs.

Required:

a) Why is it important to determine the "equivalent units of production" in process costing?

(5 marks)

b) How many units were started and completed in February 2022?

(2 marks)

c) Determine the equivalent units of productions for materials and conversion costs.

(4 marks)

d) Compute the unit costs of production.

(4 marks)

e) Show the assignment of costs to units completed and transferred out and in-process at the end of the production month.

(5 marks)

[TOTAL 20 MARKS]

Continued….

QUESTION 3

Pinky Bakeries Sdn. Bhd. runs two concurrent product lines at its bakery-café in Petaling Jaya:

(1) the over-the-counter Sourdough and Burebrot breads, and,
(2) the dine-in California sandwiches and Schweizer sandwiches.

In-house customers have the option of coffee or tea for their sandwich orders.

Eliza, the cost accountant, has the following sales and costs information for March 2022:

Product Line	Products	Sales Unit	Unit Selling Price	Unit Variable Costs
Breads	Sourdough	650	RM20.00	RM10.00
	Burebrot	520	RM15.00	RM9.00
Sandwiches	California	390	RM10.00	RM5.00
	Schweizer	390	RM8.00	RM4.00
Drinks	Coffee	520	RM9.00	RM4.50
	Tea	130	RM8.00	RM2.00

The bakery-café is currently operating on limited machine hours (MH) resource at a monthly fixed cost of RM20,000. Relevant production data concerning each unit of product sold are as given:

Product Line	Products	Required Direct Labour Hours	Required Machine Hours
Breads	Sourdough	6.00	1.00
	Burebrot	4.00	0.75
Sandwiches	California	0.25	0.25
	Schweizer	0.25	0.25
Drinks	Coffee	0.15	0.10
	Tea	0.10	0.05

The owner is considering to increase the bakery-café's sales figure to achieve a desired net income of RM10,000 per month in the coming months. In order to meet its sales target, the owner is proposing to allocate extra machine hour (MH) resource from its current budget structure for the production of Burebrot breads to increase its production.

Continued….

Required:

a) Compute the following:

(i) sales mix as a function of units sold
(ii) weighted-average unit contribution margin

(7 marks)

b) How many units in total and of each product will the bakery-café need to sell each month to break-even?

(3.5 marks)

c) Using the *weighted-average unit contribution margin method*, calculate the total required sales (in Ringgit Malaysia) for the business to achieve the target net income of RM10,000.

(6.5 marks)

d) Eliza believes the owner's proposal to allocate additional machine hour (MH) resource to the Burebrot breads is not operationally efficient. She believes that the extra resource would be better allocated to Sourdough breads instead.

Is Eliza's opinion reasonable? Why?

Show workings on the contribution margins for each of the BREADS product line where necessary.

(3 marks)

[TOTAL 20 MARKS]

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QUESTION 4

Tela Berhad manufactures high quality batik silk for the Malaysian fashion industry. Over the years, several seasonal collections have been introduced to the local market. One of the more popular collections in the first quarter of year was the Bella collection.

The following costs and production data are available for the first quarter of 2022:

Production Costs

	RM per unit
Direct material costs	5.00
Direct labour costs	10.00
	RM per quarter
Variable overhead costs	2,100
Fixed manufacturing overhead	5,400
Variable selling and administrative expenses	3,025
Fixed selling and administrative expenses	7,500
Production Units (packages)	600

Tela Berhad sold 550 units (packages) of the Bella collection throughout the first quarter of 2022 at a wholesale price of RM55 per unit.

Required:

a) Calculate the product cost per unit of Bella for the first quarter of 2022 using:

(i) absorption costing
(ii) variable costing

(4 marks)

b) Prepare Income Statements for the Bella collection using:

(i) absorption costing
(ii) variable costing

Show ALL workings on the Costs of Goods Sold.

(11 marks)

c) Reconcile the absorption costing and the variable costing net income/(loss) and interpret the difference (if any).

(5 marks)

[TOTAL 20 MARKS]

Continued….

QUESTION 5

Syarikat Lofa is a small enterprise bottling banana milk tea for convenient stores. The company uses standard cost system and has developed the following standards for 2022:

	Standard Quantity (per batch)		Standard Price (RM)		Standard Costs (RM)
Direct material	50	litres	1.50	per litre	75.00
Direct labour	0.5	hours	7.00	per hour	3.50
Variable overhead	0.5	hours	3.00	per hour	1.50
Fixed overhead	0.5	hours	5.00	per hour	2.50
					RM82.50

During February 2022, the company produced and sold 300 batches of milk tea. In times of peak seasonal demand, the normal operating capacity of the production line is at 150 labour hours. The actual operating results for March 2022 are as follows:

Sales	300 batches at RM100 per batch
Direct material	15,000 litres at RM1.60 per litre
Direct labour	100 hours at RM7.00 per hour
Variable overhead	RM300 for 100 hours
Fixed overhead	RM440 for 100 hours

Required:

Calculate the following variances for March 2022:

(i) Total material variance

(4 marks)

(ii) Total labour variance

(4 marks)

(iii) Overhead volume variance

(4 marks)

(iv) Overhead controllable variance

(4 marks)

(v) Total variance

(4 marks)

[TOTAL 20 MARKS]

End of Paper.